



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 293

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: February 23, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 293 would repeal the Delayed Deposit Act and creates the Short-Term Lender Act which would be administered by the Department of Banking.

The bill would do the following:

*Set license fees for short-term lenders (\$200.00 investigation fee, \$5,000 license fee to financial literacy fund)

*Allows Dept. of Banking to establish rules and regulations for short-term lenders, including qualifications for employees of such establishments

*Creates penalties of class I misdemeanor for any violation of this Act

*Establishes conditions for borrowers of short-term loans

- \$500 limit
- 35 day limit
- 36% apr
- limit check collection charges
- prohibits redepositing checks that haven't cleared w/o borrower's written permission
- allows optional extended payment plan up to 60 days with no increase in interest
- disallows loans to borrowers that had 2 loans in last 90 days without completion of financial literacy class, approved by Director of Dept. of Banking
- must be given copy of conditions of loan including warning on apr and information on filing complaints
- prohibit loan if four or more loans in last year
- creates penalties for licensees who violate these provisions

*The Financial Literacy Education Fund is created with appropriations (\$250,000) by the Legislature. It will be administered by the Dept. of Banking and will be used to support financial literacy programs for adults developed or approved by the Dept. of Banking.

*Requires Dept. of Banking to create a statewide database of licensees which shall be accessible via internet to licensees and Dept. of Banking.

*Requires Dept. of Banking to make at least an annual review of licensees to ensure that they are following the provisions of this Act.

Principal Introducer:

Senator Danielle Nantkes